

A photograph of Earth from space, showing the blue oceans and white clouds of the planet against the black background of space filled with stars. The horizon of the Earth is visible in the lower half of the image.

# Interim Report January-June 2008

## Group Highlights – Q2

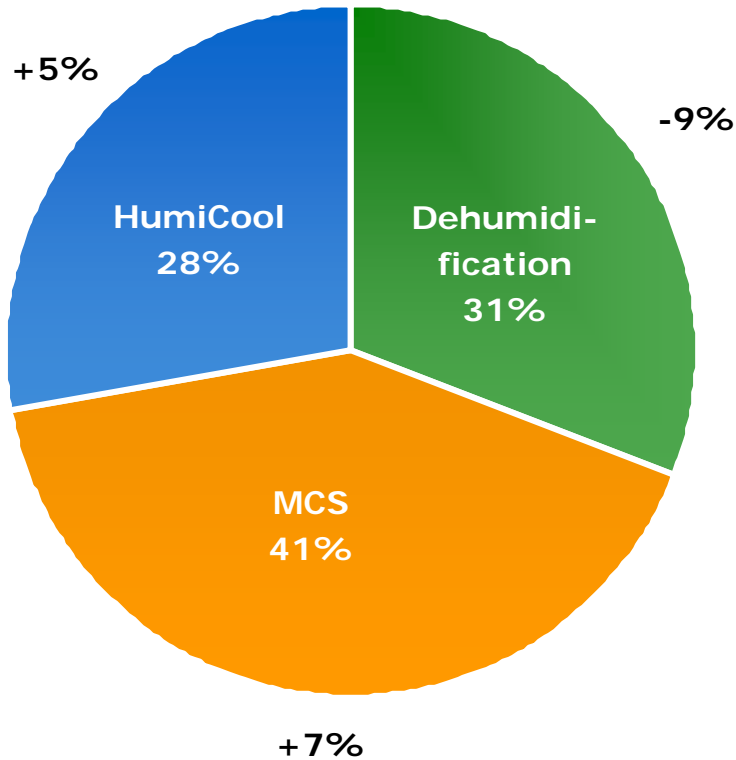
- Order intake unchanged vs Q2 '07 – up 4% adjusted
  - Continued relatively high activity in most markets
  - WalMart new construction low in Q2 as expected
  - Low activity in U.S. coal plant flue gas desulphurization market
- Sales up 2% reported – up 5% adjusted
  - Growth in MCS
  - Order backlog timing impacting Dehumidification
- EBITA before one-time costs 129 MSEK (130) - margin 8.3% (8.5%)
  - Second phase of MEP<sup>2</sup> program implemented – Q2 costs of 19 MSEK
  - 13 MSEK one-time cost related to supplier quality issue
  - Weak USD continues to impact earnings (11 MSEK translation impact)

## Group Highlights – First half 2008

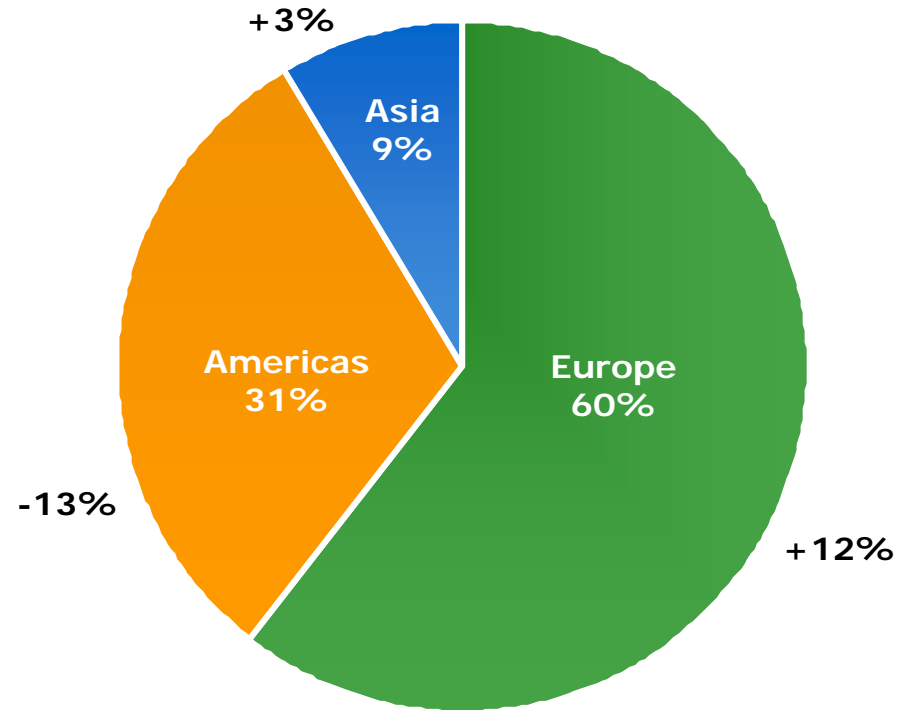
- Market activity strong with some exceptions
  - WalMart, sharp decline
  - Almost no new U.S coal plant FGD orders due to construction backlog
- Significant raw material cost inflation largely offset by price
  - Some time-lag in recovery
- Wage and fuel inflation in MCS more difficult to offset
  - Cost efficiency and pricing initiatives being implemented
- MEP<sup>2</sup> program being implemented – leading to headcount and cost reductions
  - Efficiency program in Tobo implemented
  - Small heater move to China implemented
  - Mist Elimination product transfer from Germany to China in progress
  - MCS Field.Link and Capital Efficiency project implementation in full progress

# Sales Q2 2008

## Divisions



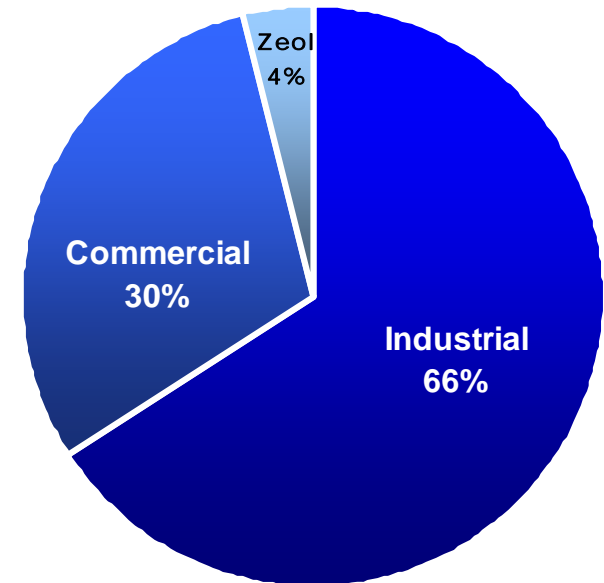
## Regions



## Dehumidification Highlights – Q2 2008

- Industrial market continuing to develop well globally
  - Strong order growth in Asia continuing
  - Large systems activity remaining strong
- Protracted slow-down in WalMart new store construction
- Non-WalMart Commercial continuing to grow rapidly
- Zeol semiconductor demand in cyclical low
- Division management reorganization implemented to take full advantage of growth opportunities

**Q2 Net Sales  
Business Areas**



# Dehumidification Financial Summary – Q2 2008

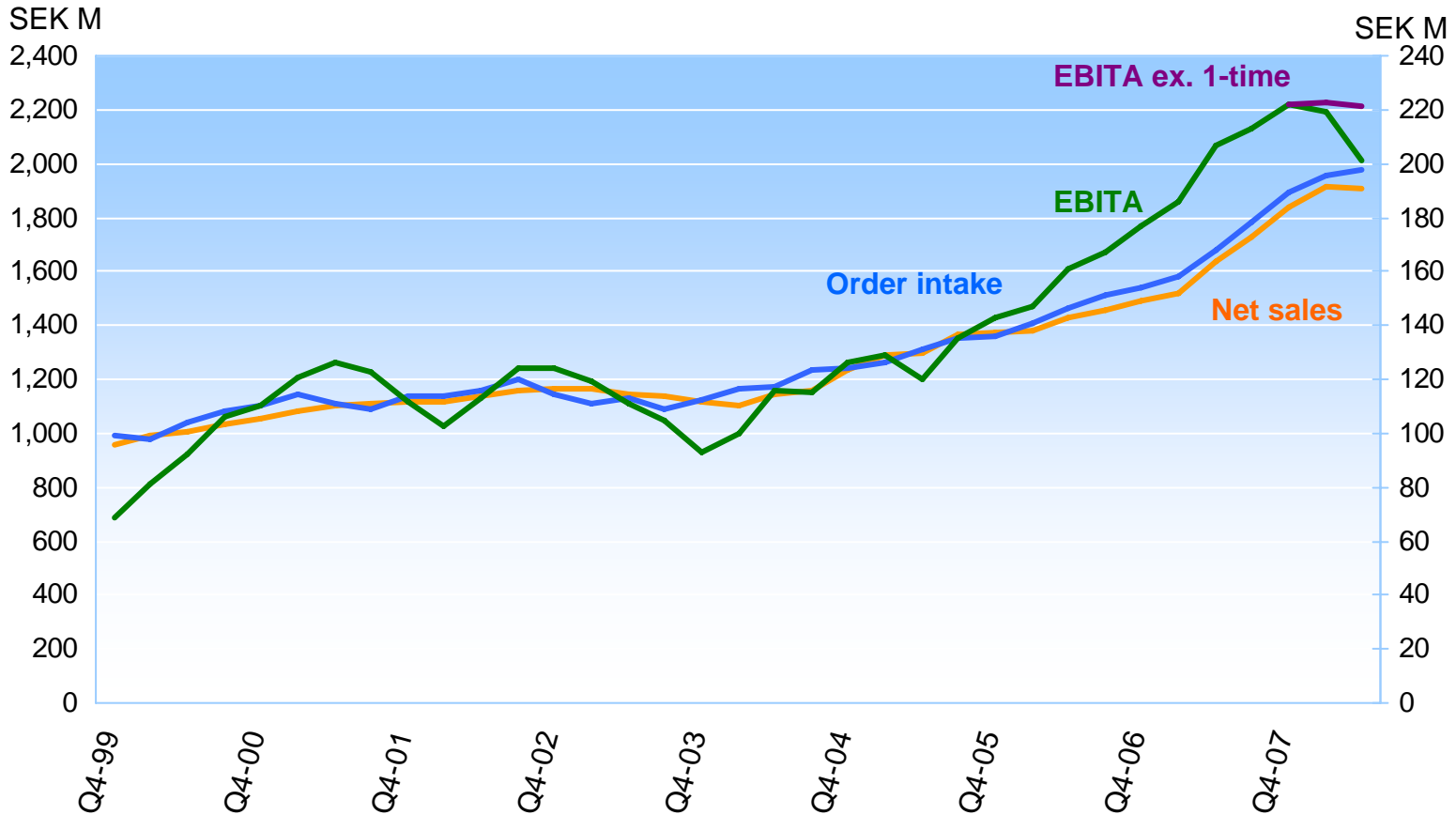
- Net sales impacted by back-log timing and WalMart
- Improving gross margins
  - Raw material increases offset by pricing
- Supplier quality issue leading to 13 MSEK one-time charge
  - Legal action initiated to recover
- MEP<sup>2</sup> cost of 3 MSEK

## Q3 outlook

- Positive development in most areas except WalMart and Zeol
- Continued improvements in Gross Margins

SEK M	2nd Quarter		Jan-Jun	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	528	556	1,014	999
Growth	-5%		2%	
Adj growth	3%		3%	
Net Sales	478	527	911	898
Growth	-9%		1%	
Adj growth	-3%		2%	
EBITA Ex. One-Time	61	69	98	107
EBITA Margin	12.7%	13.1%	10.7%	11.9%
EBITA	45	69	78	107
EBITA Margin	9.5%	13.1%		
Operating Capital Turn	4.0	4.4		
ROOC	42%	54%		

# Dehumidification Rolling 4 Quarter



# Acquisition of Toussaint Nyssenne

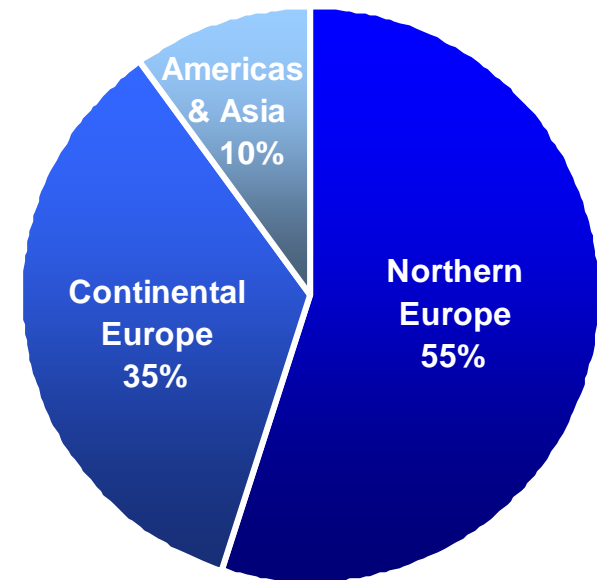
- ❑ First major move to build European "Commercial" business based on successful U.S. model
- ❑ Manufacturer of high quality air treatment systems
- ❑ Based in Dison, Belgium - south of Brussels
- ❑ 2007 revenues of EUR 17 M and Enterprise value EUR 7,7 M
- ❑ Part of strategic growth initiative in energy-efficient air treatment solutions
  - Strengthening manufacturing capability and presence in Europe
  - Enables more rapid introduction of HCU technology in Europe
  - Also gives better capability in large dehumidification systems



## MCS Highlights – Q2 2008

- High market activity in weakest quarter
  - Rains and floods in Continental Europe and U.S. Mid-west
  - Significantly less than UK floods 2007
- Implementation of Field.Link in intensive phase
  - 192 full-time users
  - Enables higher efficiency and new business model for high volume services

**Q2 Net Sales  
Market Areas**



# MCS Financial Summary – Q2 2008

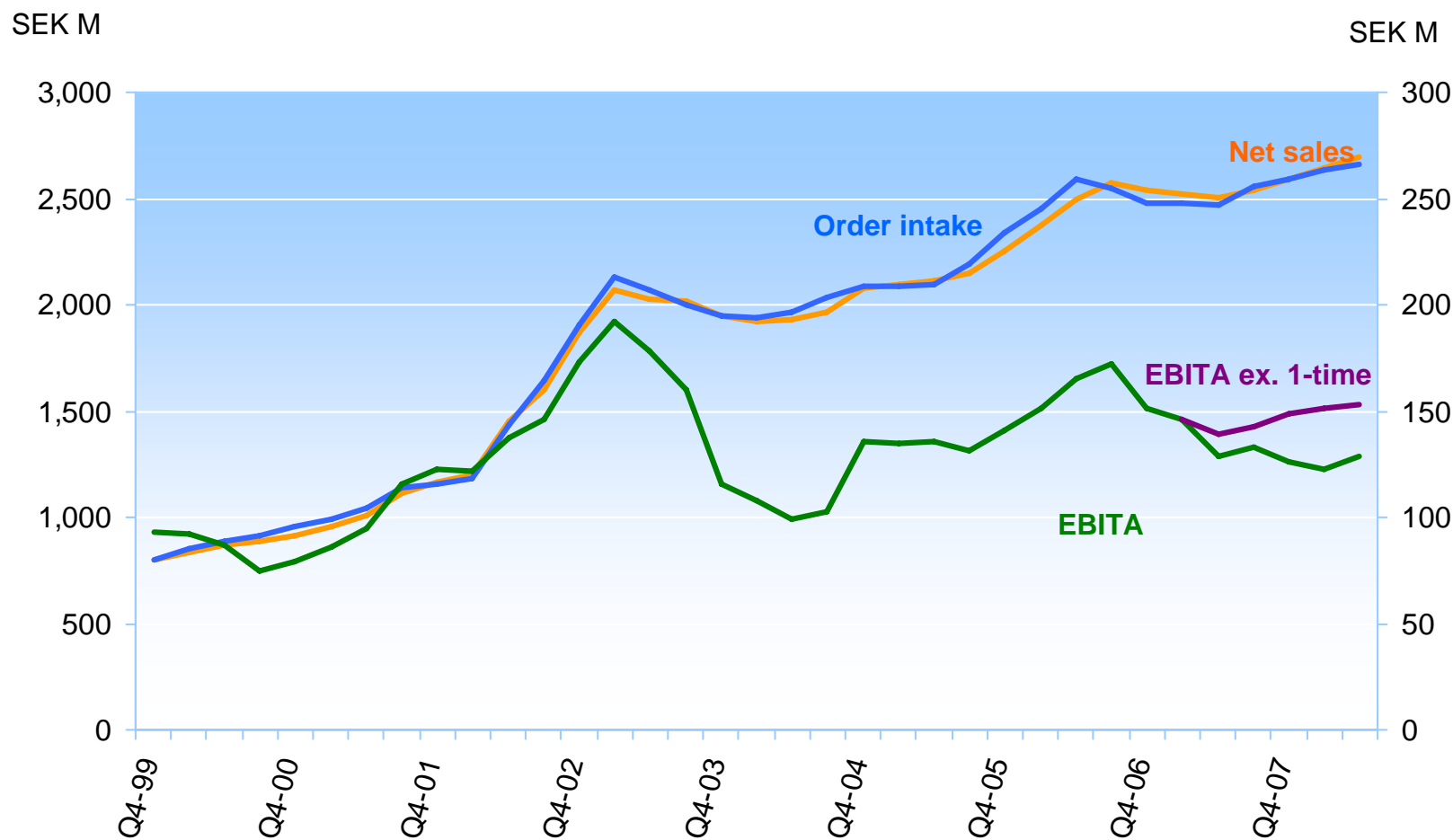
- Revenue increase due to high market activity
- Higher earnings in UK, Germany and Australia
- Offset by weak business mix and inflationary cost pressure
  - Wages and fuel
- MEP<sup>2</sup> costs 6 MSEK
  - Field.Link implementation
  - Capital efficiency project in implementation

## Q3 outlook

- Continued trend of good demand but weak mix
- Absence of large weather events vs. prior year floods in England negative
- 10 MSEK in MEP<sup>2</sup> cost

SEK M	2nd Quarter		Jan-Jun	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	643	634	1315	1267
Growth	2%		4%	
Adj growth	4%		5%	
Net Sales	645	605	1314	1219
Growth	7%		8%	
Adj growth	9%		9%	
EBITA Ex. One-Time	21	20	61	58
EBITA Margin	3.2%	3.3%	4.7%	4.8%
EBITA	14	10	50	48
EBITA Margin	2.2%	1.7%	3.8%	4.0%
Operating Capital Turns	3.2	3.2		
ROOC	15%	17%		

# MCS Rolling 4 Quarter

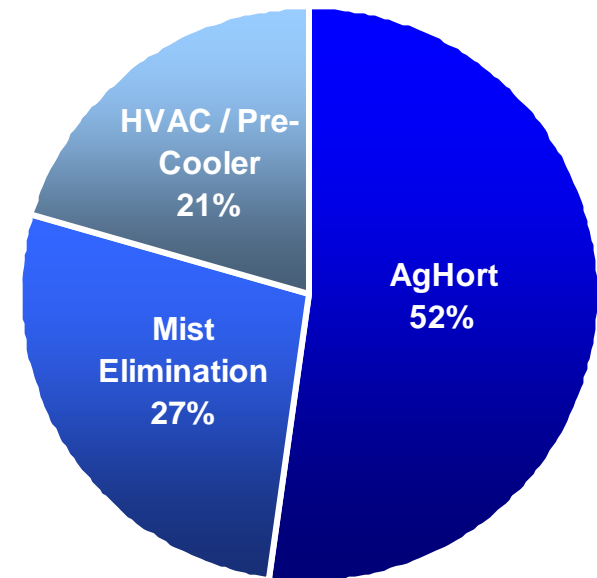


11 Note: Operating earnings excluding goodwill depreciation.  
Figures are currency adjusted.

## HumiCool Highlights – Q2 2008

- Good activity level on most markets
- Underlying AgHort market strong
  - Somewhat offset by cold and wet weather in Continental Europe and North America
- Very low activity in U.S. flue gas desulphurization market continued

**Q2 Net Sales  
Business Areas**



# HumiCool Financial Summary – Q2 2008

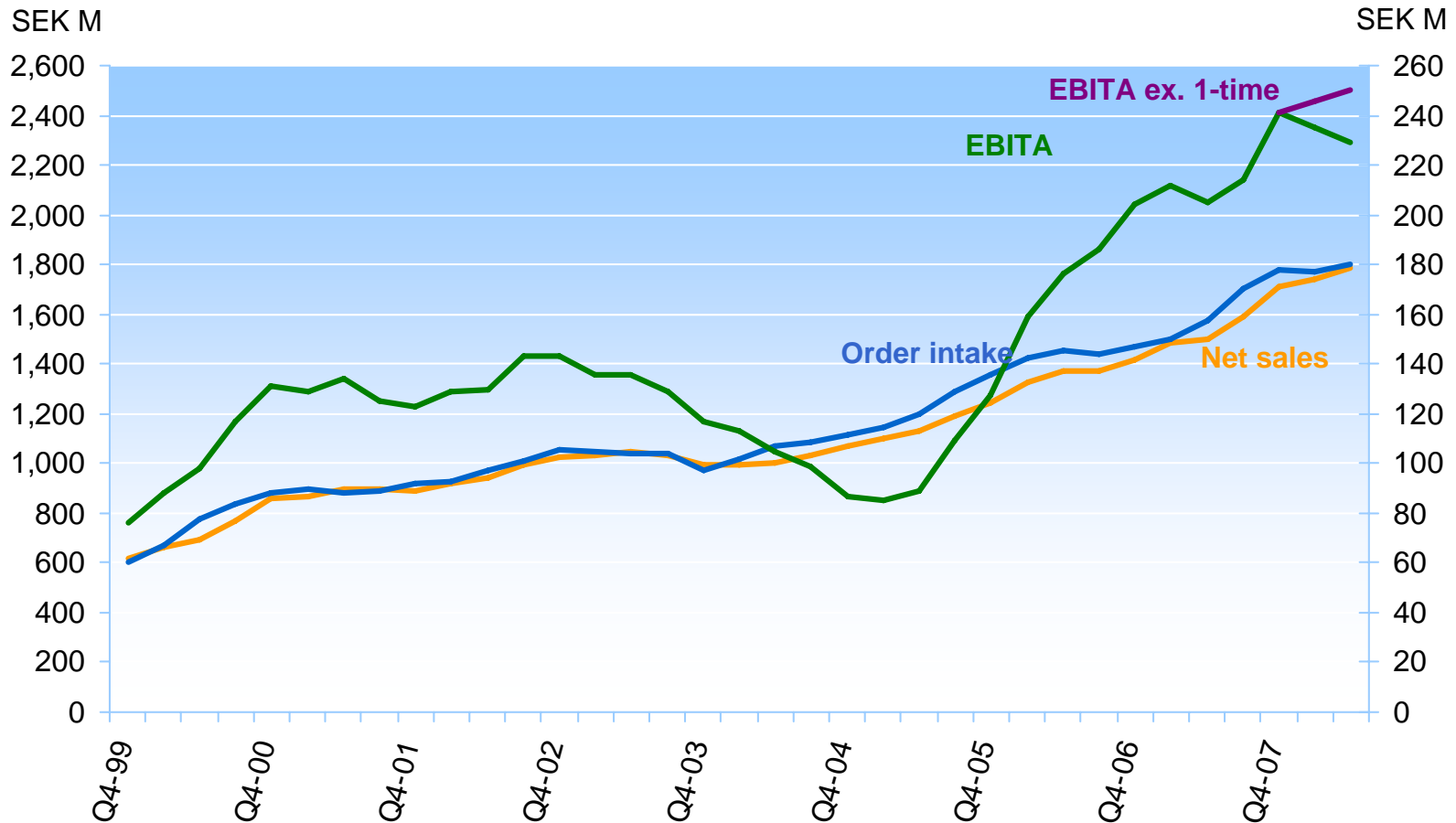
- Continued strong earnings in all businesses
  - Heaters in low-season
- Weak USD continued to impact earnings
- Q2 MEP<sup>2</sup> cost 10 MSEK
  - Mainly related to efficiency project and production move from Germany to China

## Q3 outlook

- Continued good development in AgHort
- Slow order activity in Mist Elimination to start to impact Net Sales

SEK M	2nd Quarter		Jan-Jun	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	525	518	961	983
Growth	1%		-2%	
Adj growth	1%		-3%	
Net Sales	433	414	883	843
Growth	5%		5%	
Adj growth	4%		3%	
EBITA Ex. One-Time	54	55	116	114
EBITA Margin	12.5%	13.3%	13.2%	13.6%
EBITA	44	55	96	114
EBITA Margin	10.2%	13.3%	10.8%	13.6%
Operating Capital Turns	3.5	3.7		
ROOC	44%	52%		

# HumiCool Rolling 4 Quarter



14 Note: Operating earnings excluding goodwill depreciation. Figures are currency adjusted.

# Munters Group Financial Analysis

# Munters Group Financials

SEK M	2nd Quarter		Jan-Jun	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	1,686	1,688	3,272	3,215
Growth	0%		2%	
Adj growth	4%		3%	
Net Sales	1,548	1,524	3,092	2,928
Growth	2%		6%	
Adj growth	5%		6%	
Gross Margin Ex. 1-time	27.4%	28.0%	27.6%	28.3%
EBITA Ex. 1-time	129	130	261	258
EBITA Margin Ex. 1-time	8.3%	8.5%	8.4%	8.8%
EBIT	95	119	204	246
Net Earnings	49	70	107	148

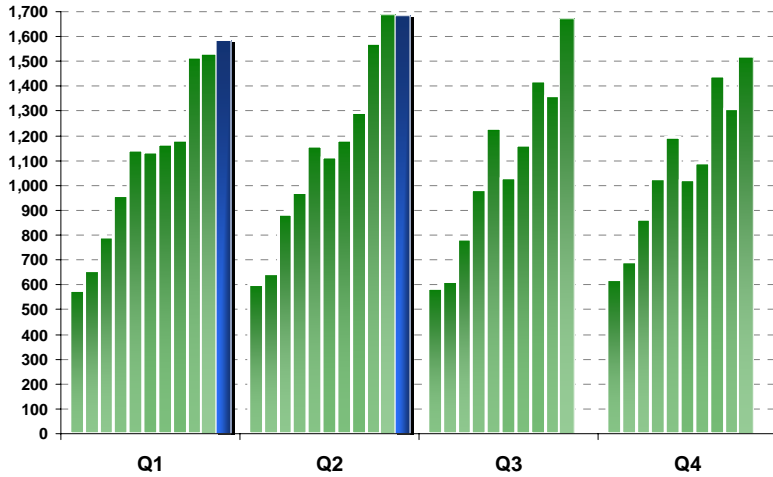
## Q2 2008 Performance Analysis

SEK M	Net Sales		EBITA*	
Q2 2007	1,524		130	
<b>Currency effects</b>	<b>-75</b>		<b>-11</b>	
<b>Acquisitions &amp; Divestiture</b>	<b>36</b>		<b>2</b>	
Adjusted Q2 2007	1,485		121	
<b>Volume effect</b>	<b>63</b>		<b>18</b>	
<b>Margin effect (ex. 1-time)</b>			<b>-9</b>	
<b>Indirect cost (ex. 1-time)</b>			<b>-2</b>	
Q2 2008	1,548	4%	129	6%
<b>Net One-time Costs</b>			<b>-22</b>	

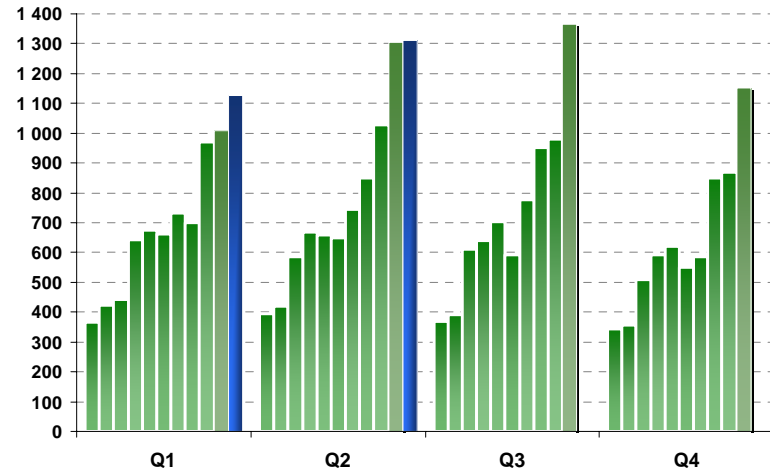
\* Excluding one-time effects

# Quarterly Trend

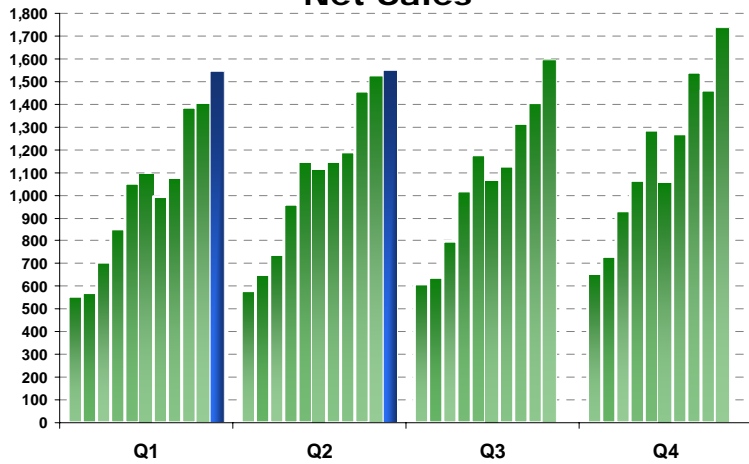
## Order Intake



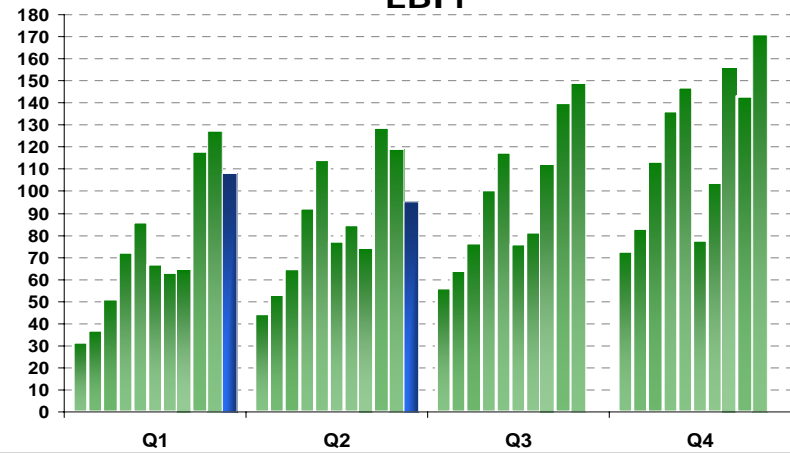
## Order Backlog



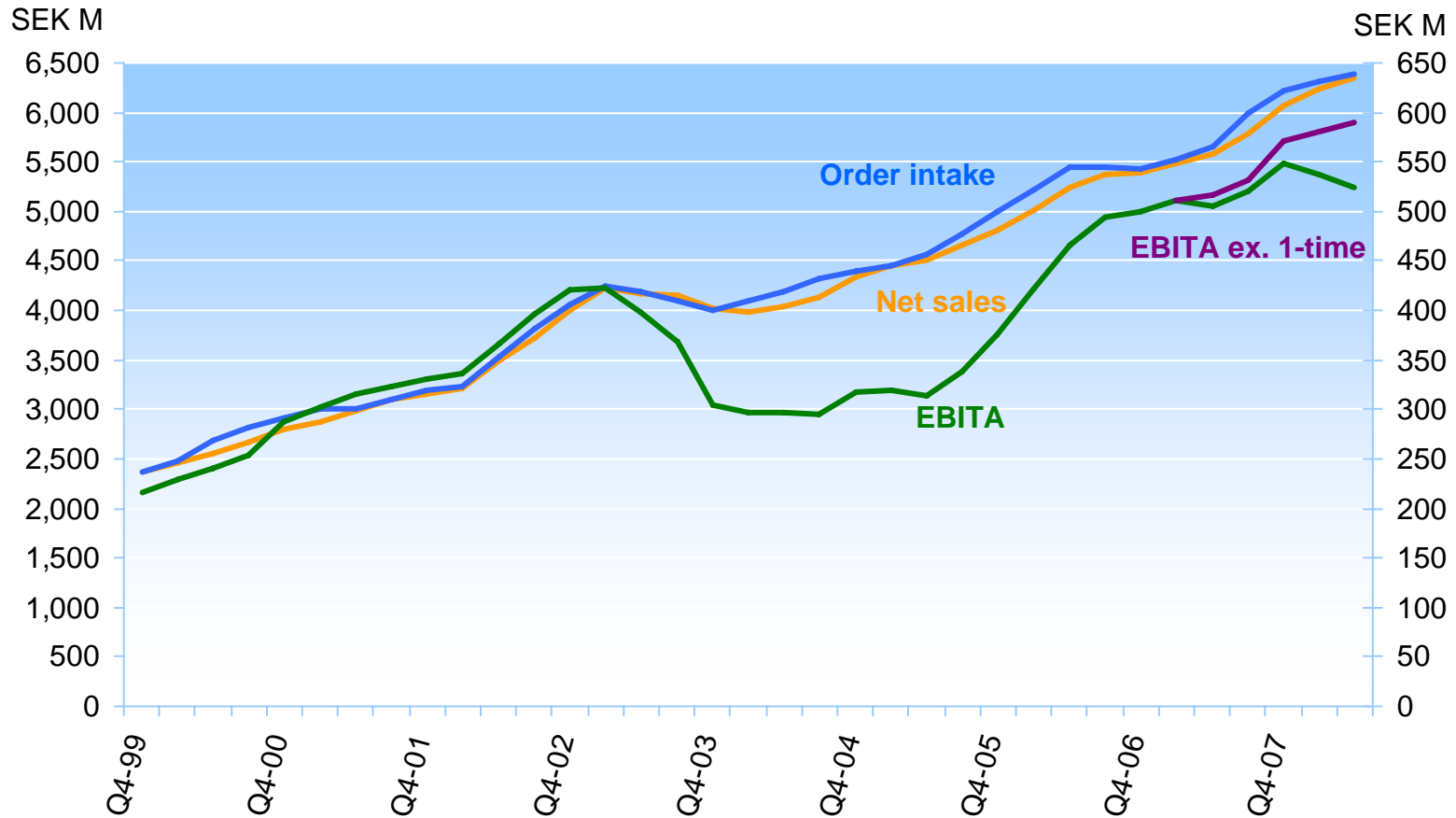
## Net Sales



## EBIT



# Rolling 4 Quarter Development



19 Note: Operating earnings excluding goodwill depreciation. Figures are currency adjusted.

## Key Financial Ratios

	<u>Q2 2008</u>	<u>Q2 2007</u>
Capital Turns <sup>1</sup>	2.5	2,8
EBIT Margin <sup>1</sup>	8.2%	9.1%
Return on capital employed <sup>1</sup>	20.8%	26.1%
Return on Equity <sup>1</sup>	26.1%	23.0%
Operating Cash Flow	13	8
Net debt, SEK M	1,292	1,138
Net debt/equity ratio	1.20	1.07
Earnings per share, SEK	0.66	0.95

<sup>1</sup> Calculated on rolling 12 months.

## Forward Looking Statements

“Some statements in this report are forward looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.”



# Munters